



Summary of Consolidated Financial Results for the Fiscal Year Ended September 30, 2018

November 14, 2018

[Japanese GAAP]

Company name: IMV CORPORATION

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 7760

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Scheduled date of Annual General Meeting of Shareholders:

December 21, 2018

Scheduled date of filing of Annual Securities Report:

December 25, 2018

Scheduled date of payment of dividend:

December 25, 2018

Preparation of supplementary materials for financial results:

None

Holding of financial results meeting:

Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2018 (Oct. 1, 2017 – Sep. 30, 2018)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Sep. 30, 2018	11,044	1.3	858	(25.9)	918	(33.9)	578	(38.7)
Fiscal year ended Sep. 30, 2017	10,898	5.0	1,158	7.3	1,389	45.5	942	61.7

Note: Comprehensive income (million yen)

Fiscal year ended Sep. 30, 2018: 564 (down 40.0%)

Fiscal year ended Sep. 30, 2017: 941 (up 47.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Sep. 30, 2018	35.65	-	9.6	6.4	7.8
Fiscal year ended Sep. 30, 2017	58.02	-	17.3	11.2	10.6

Reference: Equity in income of affiliates (million yen) Fiscal year ended Sep. 30, 2018: -

Fiscal year ended Sep. 30, 2017: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2018	15,368	6,407	40.7	385.70
As of Sep. 30, 2017	13,116	5,996	44.6	360.85

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2018: 6,256

As of Sep. 30, 2017: 5,848

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Sep. 30, 2018	(34)	(1,917)	1,548	1,374
Fiscal year ended Sep. 30, 2017	1,201	(696)	(235)	1,757

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Sep. 30, 2017	-	0.00	-	10.00	10.00	162	17.2	2.9
Fiscal year ended Sep. 30, 2018	-	0.00	-	8.00	8.00	129	22.4	2.1
Fiscal year ending Sep. 30, 2019 (forecasts)	-	0.00	-	8.00	8.00		16.6	

Note: Breakdown of dividends for FY ended Sep. 30, 2017:

Ordinary dividend: 7.50 yen; 60th anniversary commemorative dividend: 2.50 yen

3. Consolidated Forecast for the Fiscal Year Ending September 30, 2019 (Oct. 1, 2018 – Sep. 30, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	6,500	15.1	650	(2.3)	650	(1.3)	420	(8.3)	25.89
Full year	12,000	8.6	1,200	39.8	1,200	30.7	780	34.9	48.08

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly added: 1 IMV TECHNO VIETNAM CO.,LTD Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting-based estimates: None
 4) Restatements: None

(3) Number of shares issued (common shares)

1) Number of shares issued (including treasury shares) at the end of the period

As of Sep. 30, 2018: 16,957,016 shares As of Sep. 30, 2017: 16,957,016 shares

2) Number of treasury shares at the end of the period

As of Sep. 30, 2018: 735,598 shares As of Sep. 30, 2017: 748,430 shares

3) Average number of shares issued during the period

Fiscal year ended Sep. 30, 2018: 16,217,845 shares Fiscal year ended Sep. 30, 2017: 16,248,315 shares

(For reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2018 (Oct. 1, 2017 – Sep. 30, 2018)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Sep. 30, 2018	8,665	(4.7)	697	(35.0)	871	(32.5)	609	(32.5)
Fiscal year ended Sep. 30, 2017	9,094	(3.1)	1,073	88.3	1,290	152.1	902	422.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Sep. 30, 2018	37.58	-
Fiscal year ended Sep. 30, 2017	55.54	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2018	13,692	5,916	43.2	364.73
As of Sep. 30, 2017	11,309	5,464	48.3	337.16

Reference: Shareholders' equity (million yen) As of Sep. 30, 2018: 5,916 As of Sep. 30, 2017: 5,464

Note 1: The current financial report is not subject to audit by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forecasts and other matters

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" regarding preconditions and notes of caution for usage.

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1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year that ended on September 30, 2018, consumer spending in Japan recovered as the labor market and personal income remained strong. Companies in the manufacturing sector are also performing well. However, the rising cost of crude oil and labor is creating the risk of an economic downturn in Japan. Although the outlook for the global economy is unclear because of the U.S.-China trade friction and other factors, the U.S. economy is benefiting from the recent tax cut and strong capital expenditures and in Europe companies are performing well in the manufacturing and non-manufacturing sectors.

During the fiscal year, there were many activities to attract new customers. The IMV Group used 1G DYNAMICS LIMITED, which was established in Britain in the previous fiscal year, to expand and upgrade its maintenance service operations. Another significant event was the start of sales of new models of air-cooled dynamic simulation systems for the automobile industry and water-cooled dynamic simulation systems for the aerospace industry. Both models are the largest of their type in the world. In addition, these systems were installed at some of IMV's test laboratories.

In Southeast Asia, there were many activities to build a sound base for growth. One significant event was the establishment of a subsidiary in Vietnam, where economic growth is expected to continue. The goals of all activities in this region are increasing sales of dynamic simulation systems, IMV's core product, and providing more maintenance services and outsourced testing services.

As a result, net sales increased 146 million yen, or 1.3% year on year to 11,044 million yen. Ordinary profit decreased 471 million yen, or 33.9%, to 918 million yen mainly because of higher personnel expenses and a decline in foreign exchange gains. Profit attributable to owners of parent decreased 364 million yen, or 38.7%, to 578 million yen.

Business results by product category were as follows:

Dynamic Simulation Systems

In Japan, orders increased for the A-series of high-grade dynamic simulation systems. There was a substantial volume of orders for temperature, humidity & vibration combined environmental simulation systems and multi-axis simulation systems, mainly from companies in the automobile and railway industries. Shipments of the combined environmental simulation systems exceeded shipments of other environmental simulation systems because of the increasing demand for tests performed in a composite environment.

In other countries, there were sales of large dynamic simulation systems in Europe, the United States and China because of the very strong demand for performing tests involving electric vehicles. In Southeast Asia, sales of middle-sized temperature, humidity & vibration combined environmental simulation systems increased because of the growing volume of tests and assessments performed in this region, chiefly in the automobile industry.

Overall, due partly to a brief downturn in new orders in the previous fiscal year and to flood damage to products in Japan caused by Typhoon Jebi, category sales decreased 2.0% year on year to 8,096 million yen.

Test and Solution Services

The number of tests involving batteries increased significantly at the Uenohara Advanced Testing Center because of the rising level of activity associated with electric vehicles. At the Nagoya Test Lab and Osaka Test Lab, there was a large volume of tests involving automotive parts. The high level of activity at all three locations resulted in a testing equipment utilization rate that was higher than one year earlier.

As a result, category sales increased by 9.3% year on year to 1,734 million yen.

Measuring Systems

Orders for large vibration monitoring systems used by electric power companies were strong through the fiscal year. Sales of vibration measuring systems increased in Japan and sales of seismic monitoring systems increased overseas. Overall, category sales increased by 15.5% year on year to 1,213 million yen.

(2) Financial Position

Assets

Total assets increased by 2,251 million yen from the end of the previous fiscal year to 15,368 million yen (up 17.2% year on year) at the end of the current fiscal year. Current assets increased by 899 million yen to 9,089 million yen (up 11.0%). This was mainly attributable to a 643 million yen increase in notes and accounts receivable-trade and a 210 million yen increase in work in process. Non-current assets increased by 1,352 million yen to 6,279 million yen (up 27.5%). This was mainly attributable to a 693 million yen increase in buildings and structures and a 293 million yen increase in tools, furniture and fixtures.

Liabilities

Total liabilities increased by 1,840 million yen from the end of the previous fiscal year to 8,960 million yen (up 25.9% year on year) at the end of the current fiscal year. Current liabilities increased by 1,595 million yen to 7,239 million yen (up 28.3%). This was mainly attributable to a 1,300 million yen increase in short-term loans payable. Non-current liabilities increased by 245 million yen to 1,721 million yen (up 16.6%). This was mainly attributable to a 414 million yen increase in long-term loans payable.

Net assets

Net assets increased by 411 million yen from the end of the previous fiscal year to 6,407 million yen (up 6.9%) at the end of the current fiscal year. This was mainly attributable to a 416 million yen increase in retained earnings. As a result, the equity ratio decreased 3.9 percentage points to 40.7%. Net assets per share increased from 360.85 yen at the end of the previous fiscal year to 385.70 yen.

(3) Cash Flows

Net cash used in operating activities was 34 million yen (1,201 million yen provided in the previous fiscal year). Negative factors include an increase in notes and accounts receivable-trade of 807 million yen, an increase in inventories of 408 million yen, and income taxes paid of 486 million yen, which offset positive factors including profit before income taxes of 866 million yen and depreciation of 477 million yen.

Net cash used in investing activities was 1,917 million yen (696 million yen used in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 1,772 million yen.

Net cash provided by financing activities was 1,548 million yen (235 million yen used in the previous fiscal year). Positive factors include a net increase in short-term loans payable of 1,300 million yen and proceeds from long-term loans payable of 850 million yen, which offset negative factors including repayments of long-term loans payable of 437 million yen.

Cash and cash equivalents at the end of the current fiscal year decreased 383 million yen, from 1,757 million yen at the end of the previous fiscal year, to 1,374 million yen.

Reference: Cash flow indicators

	FY9/14	FY9/15	FY9/16	FY9/17	FY9/18
Equity ratio (%)	39.9	41.3	43.5	44.6	40.7
Equity ratio based on market prices (%)	102.4	71.6	39.3	87.1	44.4
Interest-bearing debt to cash flow ratio (years)	6.0	2.7	3.8	2.4	-
Interest coverage ratio (times)	30.2	64.8	54.0	77.8	-

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

* All indicators are calculated based on consolidated figures.

* Market capitalization is calculated by multiplying the closing price at the end of period by the number of shares outstanding at the end of period (excluding treasury shares).

* Cash flows are the figures for operating cash flows in the consolidated statement of cash flows.

Interest-bearing debt include all liabilities on the consolidated balance sheet that incur interest. Interests paid on the consolidated statement of cash flows are used as interest payments.

* For the fiscal year ended September 30, 2018, interest-bearing debt to cash flow ratio and interest coverage ratio are not presented because operating cash flows were negative.

(4) Outlook

The Japanese economy is expected to remain healthy as the labor market and personal income continue to improve. However, there is a possibility of a global economic downturn caused by uncertainty about the overseas economy, volatility in financial and capital markets or some other event.

In Japan, we expect orders for large dynamic simulation systems and temperature, humidity & vibration combined environmental simulation systems to remain strong mainly in the automobile industry as in the previous fiscal year. In other countries, the outlook is for strong orders for large testing equipment resulting from rising demand for tests involving electric vehicles and from the increasing size of objects that must be tested. In the United States, we plan to establish a service center in the Detroit area due to the growing sales in this country. We will establish an infrastructure capable of providing services quickly to customers in this region and tap into growing demand. In addition, we will continue to use many activities in Japanese and overseas markets in order to strengthen sales activities for the A-series of high-grade dynamic simulation systems and the m-series of low acoustic noise compact vibration testing systems.

In the test and solution services category, the e-Test Centre Japan (e-TCJ), which is in the city of Iruma in Saitama prefecture, will become fully operational in December 2018. We plan to use this facility to perform vibration tests for manufacturers of electric vehicles and parts used in these vehicles as well as for a diverse array of environmental durability testing services. We also plan to expand the activities of the e-TCJ, including the addition of more testing items, in order to perform outsourced electric vehicle environmental tests for compliance with ISO19453, a new international standard for electric vehicles, and the standards created by our customers.

In the measuring systems category, increasing sales of the Λ-Vibro vibration diagnostic unit and other products for IoT applications is one goal. We will also move faster to increase sales in Japan and overseas of the SHM-series of structure health monitoring systems for the seismometer market, a sector that is expected to grow significantly. Increasing sales outside Japan, primarily in the ASEAN countries, is another goal in this category. As we grow outside Japan, we plan to shift the focus of activities from individual orders and measuring instruments to volume production and the IoT.

Based on this outlook, we forecast consolidated net sales of 12,000 million yen (up 8.6% year on year), ordinary profit of 1,200 million yen (up 30.7%) and profit attributable to owners of parent of 780 million yen (up 34.9%) in the fiscal year ending on September 30, 2019. The exchange rate assumptions for this forecast are 125.7 yen to the euro, 3.4 yen to the Thai baht and 108.9 yen to the U.S. dollar.

These projections are based on information available at the time of release of this report. Actual results may differ from projections due to a variety of reasons.

2. Basic Approach to the Selection of Accounting Standards

The IMV Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY9/17	FY9/18
	(As of Sep. 30, 2017)	(As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	2,037,713	1,672,116
Notes and accounts receivable-trade	3,448,219	4,091,387
Electronically recorded monetary claims-operating	84,891	256,647
Finished goods	236,072	252,559
Work in process	1,354,658	1,565,558
Raw materials	638,472	767,244
Deferred tax assets	148,834	159,803
Consumption taxes receivable	54,131	129,139
Other	201,140	203,580
Allowance for doubtful accounts	(13,994)	(8,613)
Total current assets	8,190,140	9,089,426
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,221,732	4,055,293
Accumulated depreciation	(1,410,665)	(1,551,190)
Buildings and structures, net	1,811,067	2,504,102
Machinery, equipment and vehicles	525,833	496,082
Accumulated depreciation	(304,404)	(342,852)
Machinery, equipment and vehicles, net	221,428	153,230
Tools, furniture and fixtures	1,828,472	2,377,947
Accumulated depreciation	(1,447,520)	(1,703,358)
Tools, furniture and fixtures, net	380,952	674,588
Land	1,624,965	1,944,323
Leased assets	3,888	3,888
Accumulated depreciation	(1,620)	(2,397)
Leased assets, net	2,268	1,490
Construction in progress	149,195	235,334
Total property, plant and equipment	4,189,877	5,513,069
Intangible assets		
Goodwill	348,497	303,685
Software	22,911	56,526
Other	5,481	5,281
Total intangible assets	376,891	365,494
Investments and other assets		
Investment securities	243,234	254,964
Deferred tax assets	12,211	20,647
Long-term time deposits	37,655	42,189
Other	66,552	82,749
Total investments and other assets	359,654	400,550
Total non-current assets	4,926,422	6,279,114
Total assets	13,116,562	15,368,540

	(Thousands of yen)	
	FY9/17	FY9/18
	(As of Sep. 30, 2017)	(As of Sep. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,620,864	1,725,076
Electronically recorded obligations-operating	805,309	960,455
Short-term loans payable	1,570,000	2,870,000
Current portion of long-term loans payable	383,528	381,572
Accounts payable-other	283,126	436,410
Accrued expenses	381,344	326,728
Income taxes payable	273,185	108,524
Accrued consumption taxes	1,689	14,250
Provision for product warranties	114,917	90,000
Other	210,340	326,442
Total current liabilities	5,644,304	7,239,460
Non-current liabilities		
Long-term loans payable	918,283	1,332,550
Deferred tax liabilities	37,411	12,395
Long-term accounts payable-other	192,169	192,169
Asset retirement obligations	44,762	48,408
Provision for share-based compensation	-	23,576
Other	283,134	112,302
Total non-current liabilities	1,475,761	1,721,402
Total liabilities	7,120,066	8,960,863
Net assets		
Shareholders' equity		
Capital stock	464,817	464,817
Capital surplus	557,563	563,437
Retained earnings	4,892,647	5,308,745
Treasury shares	(161,707)	(159,282)
Total shareholders' equity	5,753,320	6,177,717
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	96,243	92,253
Foreign currency translation adjustment	(743)	(13,433)
Total accumulated other comprehensive income	95,500	78,820
Non-controlling interests	147,675	151,139
Total net assets	5,996,496	6,407,677
Total liabilities and net assets	13,116,562	15,368,540

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)	FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)
Net sales	10,898,345	11,044,926
Cost of sales	7,225,889	7,348,141
Gross profit	3,672,455	3,696,785
Selling, general and administrative expenses		
Advertising expenses	74,943	87,230
Sales commission	103,001	158,029
Provision for product warranties	114,917	90,000
Directors' compensations	205,309	229,015
Provision for share-based compensation	-	23,576
Salaries and allowances	494,100	574,935
Bonuses	107,158	95,578
Retirement benefit expenses	18,935	20,348
Welfare expenses	88,698	91,690
Rents	52,200	72,716
Rent expenses	25,470	35,388
Traveling and transportation expenses	129,070	141,305
Depreciation	53,428	59,292
Research and development expenses	511,559	437,178
Amortization of goodwill	15,860	40,755
Provision of allowance for doubtful accounts	1,826	(550)
Other	517,083	681,710
Total selling, general and administrative expenses	2,513,564	2,838,201
Operating profit	1,158,891	858,584
Non-operating income		
Interest income	367	447
Dividend income	5,617	5,971
Foreign exchange gains	183,410	15,572
Rent income	42,120	41,770
Seminar income	8,926	9,237
Miscellaneous income	16,575	13,253
Total non-operating income	257,016	86,252
Non-operating expenses		
Interest expenses	15,573	17,151
Cost of lease revenue	1,504	1,172
Seminar expenses	6,912	5,292
Miscellaneous loss	2,476	2,993
Total non-operating expenses	26,466	26,609
Ordinary profit	1,389,441	918,227
Extraordinary losses		
Loss on sales of non-current assets	-	41
Loss on retirement of non-current assets	1,046	144
Loss on disaster	-	51,974
Loss on step acquisitions	4,025	-
Total extraordinary losses	5,072	52,161
Profit before income taxes	1,384,369	866,065
Income taxes-current	419,212	324,193
Income taxes-deferred	22,318	(41,940)
Total income taxes	441,531	282,253
Profit	942,838	583,812
Profit attributable to non-controlling interests	163	5,629
Profit attributable to owners of parent	942,675	578,183

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY9/17	FY9/18
	(Oct. 1, 2016 – Sep. 30, 2017)	(Oct. 1, 2017 – Sep. 30, 2018)
Profit	942,838	583,812
Other comprehensive income		
Valuation difference on available-for-sale securities	63,891	(3,990)
Foreign currency translation adjustment	(65,178)	(14,855)
Total other comprehensive income	(1,286)	(18,845)
Comprehensive income	941,551	564,966
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	942,075	561,502
Comprehensive income attributable to non-controlling interests	(523)	3,464

(3) Consolidated Statement of Changes in Equity

FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	464,817	557,563	4,064,368	(110,659)	4,976,088
Changes of items during period					
Dividends of surplus			(114,395)		(114,395)
Profit attributable to owners of parent			942,675		942,675
Purchase of treasury shares				(51,047)	(51,047)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	828,279	(51,047)	777,231
Balance at end of current period	464,817	557,563	4,892,647	(161,707)	5,753,320

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	32,352	63,748	96,101	-	5,072,189
Changes of items during period					
Dividends of surplus					(114,395)
Profit attributable to owners of parent					942,675
Purchase of treasury shares					(51,047)
Disposal of treasury shares					-
Net changes of items other than shareholders' equity	63,891	(64,491)	(600)	147,675	147,075
Total changes of items during period	63,891	(64,491)	(600)	147,675	924,306
Balance at end of current period	96,243	(743)	95,500	147,675	5,996,496

FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	464,817	557,563	4,892,647	(161,707)	5,753,320
Changes of items during period					
Dividends of surplus			(162,085)		(162,085)
Profit attributable to owners of parent			578,183		578,183
Purchase of treasury shares				(582)	(582)
Disposal of treasury shares		5,874		3,007	8,882
Net changes of items other than shareholders' equity					
Total changes of items during period	-	5,874	416,097	2,425	424,396
Balance at end of current period	464,817	563,437	5,308,745	(159,282)	6,177,717

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	96,243	(743)	95,500	147,675	5,996,496
Changes of items during period					
Dividends of surplus					(162,085)
Profit attributable to owners of parent					578,183
Purchase of treasury shares					(582)
Disposal of treasury shares					8,882
Net changes of items other than shareholders' equity	(3,990)	(12,690)	(16,680)	3,464	(13,216)
Total changes of items during period	(3,990)	(12,690)	(16,680)	3,464	411,180
Balance at end of current period	92,253	(13,433)	78,820	151,139	6,407,677

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)	FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)
Cash flows from operating activities		
Profit before income taxes	1,384,369	866,065
Depreciation	376,976	477,204
Amortization of goodwill	15,860	40,755
Increase (decrease) in allowance for doubtful accounts	1,845	(5,381)
Increase (decrease) in provision for share-based compensation	-	23,576
Increase (decrease) in provision for product warranties	3,642	(24,917)
Interest and dividend income	(5,985)	(6,418)
Rent income	(42,120)	(41,770)
Interest expenses	15,573	17,151
Foreign exchange losses (gains)	(7,295)	(11,773)
Loss on sales of non-current assets	-	41
Loss on retirement of non-current assets	1,046	144
Loss on disaster	-	51,974
Decrease (increase) in notes and accounts receivable-trade	56,938	(807,782)
Decrease (increase) in inventories	(235,332)	(408,402)
Increase (decrease) in notes and accounts payable-trade	46,035	219,126
Other, net	(30,976)	70,446
Subtotal	1,580,578	460,042
Interest and dividend income received	6,000	6,425
Interest expenses paid	(15,434)	(17,631)
Income taxes paid	(382,432)	(486,002)
Income taxes refund	12,537	3,146
Net cash provided by (used in) operating activities	1,201,250	(34,020)
Cash flows from investing activities		
Purchase of investment securities	(15,956)	(18,192)
Purchase of property, plant and equipment	(582,928)	(1,772,352)
Proceeds from sales of property, plant and equipment	1,530	440
Purchase of intangible assets	(4,963)	(23,849)
Payments into time deposits	(13,507)	(22,549)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(120,044)	(121,524)
Other, net	39,397	40,485
Net cash provided by (used in) investing activities	(696,471)	(1,917,544)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	55,000	1,300,000
Proceeds from long-term loans payable	270,000	850,000
Repayments of long-term loans payable	(394,139)	(437,689)
Repayments of lease obligations	(1,379)	(933)
Purchase of treasury shares	(51,047)	(582)
Cash dividends paid	(114,097)	(161,984)
Net cash provided by (used in) financing activities	(235,663)	1,548,810
Effect of exchange rate change on cash and cash equivalents	44,106	19,140
Net increase (decrease) in cash and cash equivalents	313,221	(383,613)
Cash and cash equivalents at beginning of period	1,444,684	1,757,905
Cash and cash equivalents at end of period	1,757,905	1,374,292

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment Information

No segment information is shown because all operations of the Company and its consolidated subsidiaries belong to the single business associated with vibrations. Operations include the manufacture and sale of vibration simulation and measurement systems and vibration testing for other companies and organizations.

Per Share Information

(Yen)

Item	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)	FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)
Net assets per share	360.85	385.70
Net income per share	58.02	35.65

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities in FY9/17 and FY9/18.

2. The basis of calculating the net income per share is as follows:

(Thousands of yen)

Item	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)	FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)
Profit attributable to owners of parent	942,675	578,183
Amount not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	942,675	578,183
Average number of common shares outstanding during the period (Shares)	16,248,315	16,217,845

Material Subsequent Events

Not applicable.

4. Others

(1) Changes in Directors

Not applicable.

(2) Production, Orders and Sales

Production

	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	8,177,710	75.7	7,993,277	73.0	97.7
Test and Solution Services	1,580,019	14.6	1,738,690	15.9	110.0
Measuring Systems	1,042,888	9.7	1,218,054	11.1	116.8
Total	10,800,618	100.0	10,950,022	100.0	101.4

Orders

	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	6,949,844	72.2	9,692,326	76.2	139.5
Test and Solution Services	1,646,087	17.1	1,721,546	13.5	104.6
Measuring Systems	1,030,525	10.7	1,306,580	10.3	126.8
Total	9,626,457	100.0	12,720,452	100.0	132.1

Order backlog

	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	2,403,662	87.8	3,999,138	90.6	166.4
Test and Solution Services	190,050	6.9	176,850	4.0	93.1
Measuring Systems	143,629	5.2	236,880	5.4	164.9
Total	2,737,342	100.0	4,412,869	100.0	161.2

Sales

	FY9/17 (Oct. 1, 2016 – Sep. 30, 2017)		FY9/18 (Oct. 1, 2017 – Sep. 30, 2018)		YoY (%)
	Thousands of yen	%	Thousands of yen	%	
Dynamic Simulation Systems	8,261,349	75.8	8,096,850	73.3	98.0
Test and Solution Services	1,586,418	14.6	1,734,746	15.7	109.3
Measuring Systems	1,050,576	9.6	1,213,328	11.0	115.5
Total	10,898,345	100.0	11,044,926	100.0	101.3

* This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.